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UNITED STATES DEPARTMENT OF AGRICULTURE
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WORLD HOG AND PORK PROSPECTS

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SUMMARY

Hog prices continued downward in both the United States and Europe during May. Hog-feed ratios in most countries were less favorable during that month than in other recent months. In the United States corn prices declined, but at a less rapid rate than the decline in hog prices. In Germany and other countries where tariff protection is granted to domestic agriculture the prices of important feedstuffs stiffened in both April and May.

Pork production is tending to go below last year's output in the United States and Canada, but the trend is still upward in practically all European producing countries except Denmark. The May inspected slaughter in the United States was smaller than last year. In Denmark, slaughter and bacon exports were larger in April than a year ago, but the rate of output has been declining in recent months. In Germany and Netherlands, however, pork production shows no signs of declining. Slaughter in the United States during the remainder of the current marketing year is expected to be somewhat smaller than that of the corresponding period a year earlier.

The demand for American cured pork products in British markets continues to be restricted by record receipts from Denmark, supplemented by increasing quantities from other European countries. The European lard markets weakened further under pressure from European supplies. United States exports of bacon and lard declined further in April.

United States

The steady decline in hog prices which began in early April continued during May, bringing the average at Chicago for the week ended May 30 to $6.00 per hundred pounds. The average for the month was $6.53 compared with $7.26 for April and $10.00 for May 1930, and it was the lowest monthly average since December 1915. Since market supplies were smaller than those of April, the marked price decline was the result of a continued weakening in demand at home and abroad, and a further decline in the general price level. Inspected slaughter for May amounting to 3,408,000 head was 2.3 per cent smaller than April and 10.8 per cent smaller than in May 1930. It was the first month since December that slaughter supplies were smaller than those of a year earlier. Present indications point to a continued reduction in slaughter from that of a year earlier, during the four months period June to September. The average live weight of hogs slaughtered during May was about the same as in April and larger than a year earlier. The premium paid for light weight hogs was greater than that of a year ago, but it was smaller than it has been for several months.

Corn prices advanced during the first half of the month but declined during the last half, making the May average of No. 3 Yellow at Chicago 56.2 cents per bushel as against 58.3 cents during April and 79 cents in May 1930. Although both corn and hogs made price declines, the greater decline in hog prices resulted in a more unfavorable corn hog ratio than that which prevailed during April. Based on Chicago prices, the ratio for May averaged 11.6 as compared with 12.4 in April and 12.7 in May of last year.

Fresh pork prices declined sharply during May after advancing during the last half of April. Light loin prices during the last week in April advanced to 1930 levels but at the end of May at New York they were from $4.00 to $4.50 lower than a month earlier. Smaller declines were made in heavy loins and other fresh cuts. Prices of most cuts of cured pork during May were steady to slightly lower in New York. 12-14 pounds regular smoked hams averaged $19.75 per hundred pounds which was only 20 cents under the April average but $5.75 under the May 1930 average. Bacon prices remained practically unchanged at New York. Sweet pickle cured bacon 8-12 pounds averaging $19.50, was the same price as in both March and April but more than $3.00 under the 1930 level. Lard prices declined steadily during the month after remaining unchanged during March and April. The May average at Chicago of $9.50 was 50 cents under the April average and $2.00 under the May 1930 average, but was 55 cents above the low point reached in February.

The recent weak demand both at home and abroad is reflected in the fact that in spite of the increase in pork and lard production during April of 3.5 per cent, domestic consumption decreased 7.5 per cent, exports decreased 20 per cent and storage holdings on the first of May showed a marked increase over those of April 1. Increased market supplies in several European countries and continued weak consumer demand in Europe was largely responsible for reduction in exports during April. All of the reductions were in bacon and lard, the two pork products which meet the keenest competition in European markets.

Total bacon exports in April amounting to 2,917,000 pounds were 25 per cent smaller than in March and 64 per cent under those of a year earlier. All of the principal importing countries shared in the reduced movement. Exports to United Kingdom amounting to 1,609,000 pounds were 16 per cent smaller than in March and less than half as large as those of April 1930. Total bacon exports for the first seven months of the current marketing year were 64 per cent smaller than during the corresponding period of a year earlier and those to the United Kingdom were 57 per cent smaller.

Exports of hams and shoulders during April amounted to 8,086,000 pounds, an increase of 18 per cent from those of March and the largest for any month since last November, but 35 per cent under the April 1930 movement. Takings by the United Kingdom were 24 per cent larger than in March. The movement to Cuba was 15 per cent smaller than the peak movement of the current year, reached in March, but was twice as large as that of a year earlier. The April movement to Canada continued to be a negligible quantity.

April exports of lard amounting to 45,605,000 pounds showed a seasonal reduction from those of March and were 11 per cent smaller than in April 1930. Smaller quantities were taken by all of the principal importing countries. The total export movement of lard for the first seven months of the current marketing year was 25 per cent smaller than a year earlier and 18 per cent under the 5-year average, although it still remains well above the pre-war levels. The weakened foreign demand for American lard has been brought about by increased competition from both European lard and lard substitutes, as well as by the unfavorable business situation in European countries.

Contrary to the usual seasonal tendency and as a result of the unusual weak foreign and domestic demand, stocks of pork and lard in storage continued to increase during April. Pork stocks on May 1 amounting to 868 million pounds were 3 per cent larger than on April 1 and 22 per cent above those of May 1, 1930. Lard stocks on May 1 amounted to 95 million pounds, which was an increase of 21 per cent from those of April 1 but was 10 per cent under the storage holdings on May 1 last year and 28 per cent under the 5-year May 1 average. Preliminary indications point to only a slight reduction in storage holdings of pork products from May 1 to June 1.

Canada

The weekly average price for bacon hogs at Toronto for the four weeks of May was $8.25 per hundred pounds or 25 cents lower than in April. Last year the average for the corresponding weeks of May was $12.08 per hundred pounds.

During the week ended May 28, eastern hog markets were rather unsettled and somewhat lower in price than the previous week, according to the Canadian Government Livestock Market Report for May 28. In Toronto the net decline amounted to 25 cents. The average weekly price for bacons at that market fluctuated during May but the average price for the last week was only $8.00 compared with $8.55 for the first week. Montreal had heavy carry-overs from day to day last week and by the end of the week 1,000 hogs were still unsold while prices dropped about 25 cents. Western markets were steady to strong. Winnipeg paid $7.50 for bacons, Calgary $7.00 to $7.25 and Edmonton $7.10.

Hog supplies, as represented by gradings at stock yards and packing plants in Canada amounted to 174,000 for the four weeks of May, which was about 10,000 under the same period a year ago and also less than in April of this year. For the twenty-one weeks from the beginning of the year 1931, 969,000 were graded in Canada, 340,000 or 35 per cent being graded in Ontario. Hog gradings in Canada during the corresponding period amounted to 1,043,000 in 1930, 1,169,000 in 1929 and 1,283,000 in 1928. In June 1930 Ontario had aproximately 1,700,000 hogs or 42 per cent of the total number in Canada which was small compared with the six preceding years. It is reported from some parts of Ontario that while spring farrowings of sows have increased considerably over last year, unfavorable weather conditions have led to a rather heavy mortality of young pigs.

United Kingdom

The somewhat seasonal strengthening of cured pork prices at Liverpool in recent weeks resulted in a May average for American green bellies of $14.12 per 100 pounds. The current average was above the April level, but $4.16 below the figures for May 1930, according to Agricultural Attache E. A. Foley at London. Danish Wiltshire at Liverpool averaged somewhat higher in May than a month earlier, to reach $16.67, which was $4.76 below the levels of a year ago. American short cut green hams, however, weakened during May, the average of $16.95 being slightly under April prices and $4.15 under the average of May 1930. Bacon imports during April rose to a total or more than 99 million pounds, continuing the series of record imports of recent months. The April figure was second only to those of December and February, 1930 and 1931 respectively. Total bacon imports for the current season October 1 - April 30 were 26 per cent larger than a year ago.

British imports of bacon from Denmark during April continued the easier trend of recent months, the figure of 63,224,000 pounds being the smallest since last November. The April imports, however, were the largest on record for that month. One of the important sources offsetting the decrease in receipts from Denmark was the Netherlands. April imports from that country rose to 11,834,000 pounds, the largest for any month since August 1928 in the former season of record European production. A figure on imports from all countries except Denmark, United States, Canada and

Irish Free State went to 31,401,000 pounds for April, the largest recorded for that group. Slight increases were registered in the April imports from United States, Canada and Irish Free State. Ham imports principally from the United States totaled 7,597,000 pounds, the largest since last December, but below those of April 1930. The season's imports of ham to April 30 were 20 per cent behind those of last season. Liverpool stocks of cured pork on June 1 increased over those of earlier months to reach 4,742,000 pounds, but they were still below last year's stocks.

The continued weakness in the British lard market brought the May average down to a new low of $9.30 per 100. April imports of lard were lighter than in the two preceding months being little more than 25 million pounds, most of which came from the United States. That figure, however, was larger than for any other April since 1927. Total lard imports into the United Kingdom for the first seven months of the 1930-31 season were 8.8 per cent larger than for the corresponding period of last season. Liverpool stocks of refined lard on June 1 stood at 1,649,000 pounds, a decline below stocks of recent months and a year ago.

The tendency toward increased domestic supplies of pork in the United Kingdom was continued into April. Marketings of fat pigs at representative markets were larger in that month than in any April of the post-War period, but smaller than those of several earlier months of the current season. Hog purchases by Irish curers also increased during April to levels higher than for any month since last November. Supplies of British and Irish fresh pork at London Central Markets during May, however, were seasonally smaller at 3,537,000 pounds, although larger than a year ago. The season's total of that item to May 31 was about 10 per cent larger than the corresponding 1929-30 total.

Continental countries supplying British markets

Denmark

Total bacon exports from Denmark reached 64,500,000 pounds in April, according to preliminary figures. That figure continued the downward trend of recent months in Danish bacon exports and was the smallest total since last September. Total exports to April 30 for the current season, however, were about 40 per cent larger than for the corresponding period of 1929-30, and the largest on record.

Netherlands

In the Netherlands, the country next to Denmark in importance as a source of British bacon imports, increased production is definitely recorded in the larger quantities of bacon seeking an outlet in both British and German markets. This season's imports into the United Kingdom from the Netherlands by April 30 were 19 per cent larger than up to the same point of the preceding season.

During the greater part of the current marketing year beginning November 1, 1930 hog slaughter in the Netherlands averaged 20,000 to 25,000 head weekly, according to Consul Carol H. Foster at Rotterdam. For the last few months, however, the rate of slaughtering in the Netherlands has advanced to 35,000 to 45,000 head weekly. This increase in slaughter has coincided with a decline in the Danish weekly slaughter rate, according to the Consul. The increased Netherlands slaughterings are being reflected in heavier exports of bacon to the British market.

An increase in the French import duty on fresh pork is causing some concern to Netherlands pork packers, according to Consul General C. L. Hoover at Amsterdam. Since the increase amounts to only about 1-1/3 cents per pound, however, many of the exporters believe that the effect on the trade will not be great, especially since the cost to the consumer will still be less than it was a year ago, owing to the general decline of meat prices. A decree dated March 26,1931 raised the French import duty on fresh pork from $3.11 per 100 pounds to $4.44 per 100 pounds, an increase of something more than 42.8 per cent. The import duty on live hogs was increased by the same decree from $1.78 per 100 pounds to $2.67, an increase of 50 per cent.

Other Continental European Countries

Germany

Declining hog prices in Germany brought the May average for heavy hogs at Berlin down to $9.34 per 100 pounds, according to Agricultural Attache L. V. Steere at Berlin. That figure was a few cents below the April average and the lowest level reached since July 1923. The April average at Berlin was 33.6 per cent below the April 1930 average. The sharp upward movement in feed prices, however, placed the April averages for potatoes at Breslau and barley at Leipzig considerably above the corresponding averages of last year. The hog-feed situation, therefore, has become definitely unfavorable for the greater part of Germany.

Receipts of hogs at 14 markets during May continued the high averages of recent months and were well in excess of a year ago. April slaughter at 36 centers, while not quite up to the April 1928 level, totaled 423,000 head and was larger than for the two preceding Aprils. The season's total slaughter at 36 German centers from October 1 to April 30 was 13.5 per cent larger than for the corresponding period of last season, but still 9.2 per cent smaller than the comparable 1927-28 slaughter. In spite of the increased domestic pork production in Germany, selling pressure from nearby countries has kept German bacon imports for most of the current season well above that of last season. April bacon imports, largely from the Netherlands, however, were smaller than in March and about the same as in April 1930. It has been announced that the temporary tariff of 1.51 cents per pound on bacon is to be removed in the near future and the old rate of 3.89 cents restored, though no date has been set.

Easier prices of lard at Hamburg were evident throughout May, with the average for the month standing at $10.33 per 100 pounds, a new low average for the post-war months. April lard import figures were the largest since January 1930, the total coming to 23,368,000 pounds. For the past three months, lard imports have exceeded those of the corresponding period of last season, but on April 30 the total import for the season was still 14.7 per cent below that of last season. Effective at a date to be announced later, the German Government has given notice that the temporary duty of 0.65 cents per pound on lard imports will be rescinded and the old rate of 1.35 cents applied. The share of the American product in the total lard imports into Germany is being reduced by competition from European sources, notably Denmark and Netherlands.

Russia

There is little likelihood of Russian pork products becoming important in international trade during the next two or three years, according to Agricultural Attache Steere at Berlin. Although information on the subject is unsatisfactory, it now appears that the number of hogs in Russia is considerably below the level necessary to meet domestic requirements satisfactorily. Official Russian figures for 1930 show only 12.2 million hogs in the country at that time against 26.1 million hogs in 1928.

It appears, however, that Russia is definitely interested in developing its hog industry and a greater export trade in pork products, Mr. Steere states. This policy is in keeping with the general effort to develop every industry which has export possibilities. Eventually, therefore, pork products from Russia probably will appear in European markets but any large volume of exports seems to be some years in the future. Some of the limiting factors are: (1) The number of hogs must be brought back to normal and the domestic meat situation improved. (2) The building of facilities for slaughtering and processing. (3) An increase in transportation equipment suitable for handling pork exports. Most reports indicate that transportation is now the weakest link in the Russian economic chain and that the country is hard pressed to handle the bulk products such as grain without considering more perishable products.

The plans of the Soviet Swine Trust, according to the Sozialistitcheskoe Semledelie of July 9, 1930, calls for the production of only 7 million head of commercial hogs in a 3-year period ending in the autumn of 1933. Roughly 4 million of that number would be produced in the final year. There is no way of estimating probable exports from the above mentioned numbers but it would appear that most of those hogs would be needed to meet domestic requirements.

Other countries

Uruguay

Hog killings in Uruguay totaled 10,529 head during the first quarter of 1931 against 13,543 in the corresponding quarter in 1930, according to Consul General Leslie E. Reed at Montevideo. The figures indicated a decrease of 22 per cent for the 1931 period. Hogs are slaughtered only at the National Frigorifico, which has a monopoly of this class of business under an official decree.

Australia

For the nine months ended March 31, 1931, 91,271 pig carcases were submitted to Australian examiners for export, according to Vice Consul McFadden at Sydney. The corresponding figure to March 31, 1930 was only 17,436.

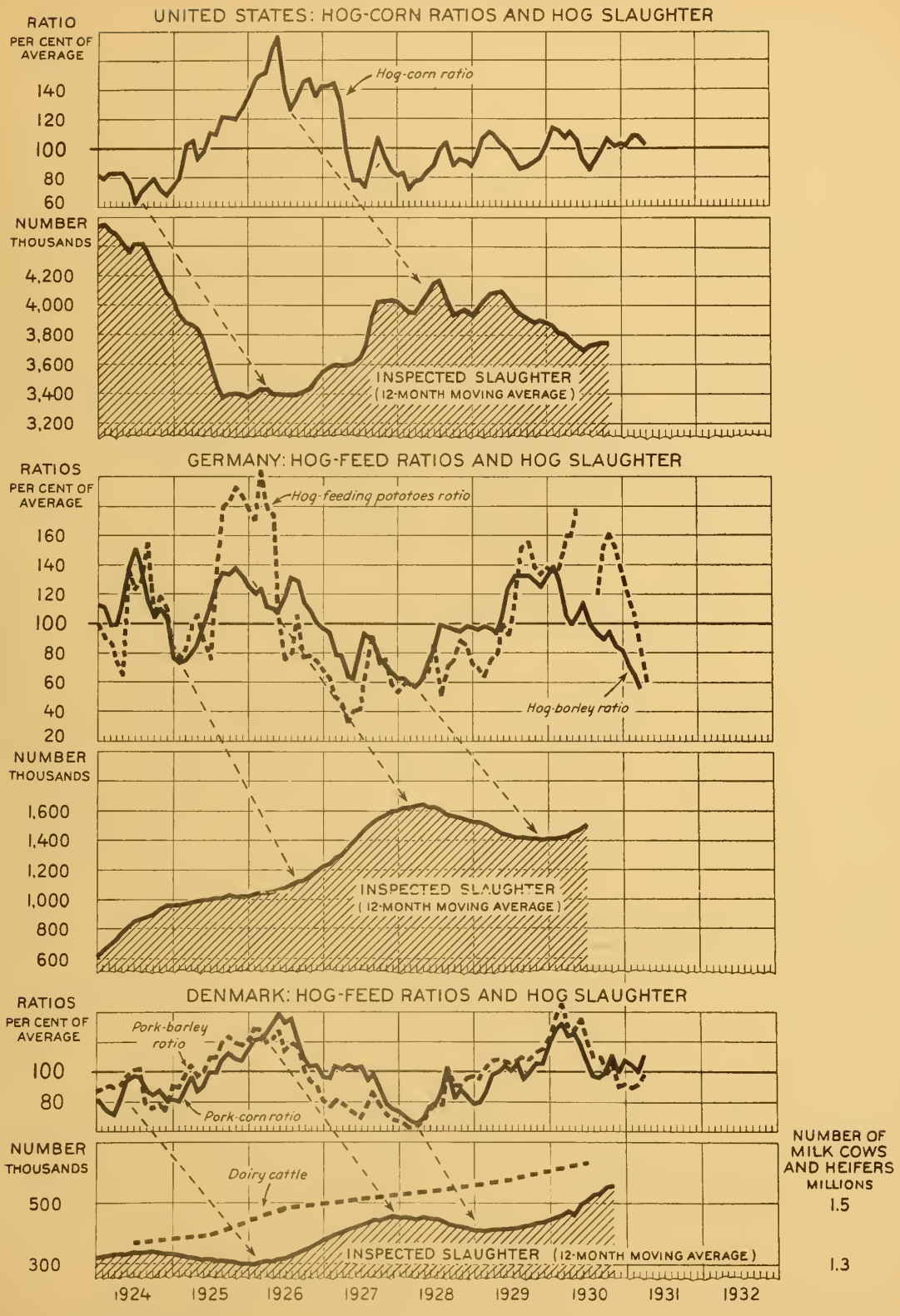
Hog-feed Ratios and Hog Slaughter: United States, Germany and Denmark

The relation of the price of hogs to the price of feed creates cyclical changes in hog production in the United States and other important hog producing countries as shown in Figure 1. A period of greater-than-average hog-feed ratios is followed by an increase in hog marketings a year or two later, whereas a period of smaller-than-average ratios is followed by a decrease in marketings a year or two later.

There has been a marked upward trend in hog production in Germany and Denmark since the world war. In Germany, hog production has been gradually getting back to the pre-war level. In Denmark, the expansion of the hog industry has been associated with an upward trend in dairy production. The two industries in that country are closely interrelated because of the widespread and economical use of skimmed milk in the hog ration. In Germany and Denmark, hog marketings are near the peak of a cycle and the hog-feed ratios which have been on a downward trend for several months are near or below normal. The relatively stable hog-corn ratio in United States since 1927 has resulted in less violent changes in hog marketings. Hog prices and corn prices in this country are at an unusually low level, but the ratio is about equal to the average of the past thirty years. See chart on next page.

HOG-FEED RATIOS AND HOG SLAUGHTER

UNITED STATES, GERMANY, AND DENMARK



HOGS AND PORK PRODUCTS: Indices of foreign supplies and demand

Country and item	Unit	1909-10 to 1913-14 average	1924-25 to 1928-29 average	Oct. - Apr. 1927-28	1928-29	1929-30	1930-31
UNITED KINGDOM:							
Production -							
Fat pigs, certain markets	1000's	382	393	411	461	400	429
Supplies, domestic fresh pork, London,	1000 pounds		39,277	58,749	57,343	44,370	49,880
Imports -							
Bacon -							
Denmark	"	140,624	292,492	368,928	329,587	340,420	476,427
Irish Free State	"		33,417	34,357	40,348	27,092	17,370
United States	"	111,875	66,293	35,916	32,158	42,158	16,437
Canada	"	23,571	45,364	23,022	11,941	9,712	2,043
Others	"	23,978	89,129	121,940	132,165	121,740	169,903
Total	"	300,048	526,695	584,163	537,199	541,122	682,160
Ham, total	"	52,215	70,379	54,670	53,434	59,626	48,200
Lard, total	"	131,658	156,855	173,905	166,631	168,782	183,837
DENMARK:							
Exports -							
Bacon	"		291,558	359,555	513,295	338,063	473,283
CANADA:							
Slaughter -							
Hogs, inspected	1000's	1,010	1,674	1,698	1,551	1,367	172
GERMANY:							
Production -							
Hog receipts 14 cities	"		1,916	2,591	2,151	1,975	2,165
Hog slaughter 36 centers	"	2,612	2,366	3,164	2,824	2,528	2,870
Imports -	1000						
Bacon, total	pounds	1,669	11,146	6,038	6,422	11,528	14,121
Lard, total	"	123,290	134,571	120,547	127,469	135,695	116,300
UNITED STATES:							
Slaughter -							
Hogs, inspected	1000's	19,732	29,303	31,371	31,572	29,346	28,678
Exports -							
Bacon -	1000						
United Kingdom	pounds	78,385	40,387	23,309	25,436	33,788	14,430
Germany	"	1,145	6,862	6,438	3,181	4,739	319
Cuba	"	4,406	12,297	11,106	8,615	9,443	6,548
Total	"	106,958	85,390	70,829	66,792	76,914	28,094
Hams, shoulders							
United Kingdom	"	80,219	82,348	55,258	51,291	54,113	39,110
Total	"	92,762	99,490	69,372	64,766	68,073	48,921
Lard-							
United Kingdom	"	102,520	136,501	150,179	148,880	146,557	164,173
Germany	"	86,057	112,673	102,781	127,269	118,639	71,803
Cuba	"	21,065	48,198	49,409	49,640	45,895	26,283
Netherlands	"	23,377	26,510	24,961	25,700	30,699	18,850
Total	"	285,333	437,782	449,861	499,511	489,830	369,868

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HOGS AND PORK PRODUCTS: Foreign and domestic average prices per 100 pounds for the month indicated, and stocks at the end of each month

Item	Apr. 1909-1913 average	Apr. 1925-1929 average	Apr. 1930	Mar. 1931	Apr. 1931
	Dollars	Dollars	Dollars	Dollars	Dollars
Prices -					
Hogs, Chicago, basis packers' and shippers' quotations	8.04	12.05	10.00	7.46	7.26
Corn, Chicago No. 3 Yellow	1.11	1.65	1.46	1.07	1.04
Hogs, heavy, Berlin, live weight	11.18	13.78	14.15	10.18	9.39
Potatoes, Breslau feeding	.39	.53	.26	.28	.45
Barley, Leipzig	1.77	2.37	1.90	2.22	2.36
Lard -					
Chicago	10.33	14.78	11.50	10.00	10.00
Liverpool	11.70	15.02	11.83	10.49	10.22
Hamburg	12.90	15.43	11.95	11.10	10.91
Cured pork -					
Liverpool -					
American short cut green hams	14.10	23.72	22.24	16.42	17.03
American green bellies		20.56	17.87	13.01	13.99
Danish Wiltshire sides	15.00	24.55	23.90	13.85	16.34
Canadian green sides	14.16	a/ 21.55	22.46	b/	b/
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Stocks -					
Liverpool -					
Hams, bacon and shoulders		9,074	6,703	3,952	4,504
Lard, refined		5,076	3,259	2,415	2,063
United States -					
Processed pork c/		814,486	711,700	843,671	867,555
Lard in cold storage		141,462	104,905	78,249	94,897

a/ Four-year average only. b/ No quotation.
c/ Dry salt cured and in process of cure; pickled, cured, and in process of cure, and frozen.

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